

Guidance notes for budgeting 2022-23

LMS Finance Team

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LMS team staffing

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[Finance documents for schools](#) are available on the Luton Borough Council website.

Completion of budget plan

General advice

The final budget plan, signed by the Headteacher and Chair of Governors, should be submitted to the LMS Team, Town Hall Extension Luton, LU1 2BQ by 31 May 2022. If you would like the budget plan to be sent to you via e-mail in Excel format, please contact your school financial adviser or e-mail lms@luton.gov.uk.

The detail code list, available on the Children and Learning Grid, will assist you in identifying which expenditure and income codes are attached to each budget heading. In addition, the School Finance Pack issued to all schools containing details of the Consistent Financial Reporting framework (CFR) is also a source of guidance.

In completing your budget plan, please ensure that:

- The correct rent and rates/joint use figure is included. This is taken from the formula allocation sheet for all schools
- Each budget heading clearly indicates the amount or, if not applicable for this year, is clearly indicated by "0"

Schools operating local bank accounts will need to analyse their budget between local and central payments. For schools operating Bank Account Scheme 2 it is vital to ensure the division of the budget is correct as this forms the basis of the advance of funds to your bank account.

For further guidance please refer to the Local Bank Account Scheme, alternatively your School Financial Adviser can provide advice on this matter

General budget advice

Consideration should be given to the following issues prior to commencement of budget planning

- increased funding for 2022/23 e.g. additional pupil premium
- formula allocation increases/reductions e.g. through changes in pupil numbers
- anticipated 2021/22 over/underspends
- changes in staffing
- use of school premises by other bodies

Actual costs should be used for all budget headings where known. However, in those instances where inflationary increases are required please refer to the information given below as a guide.

Employee budgets

- All staff costs can be accurately assessed using Access Education software (HCSS), which includes a link to the Personnel 7 module, avoiding the duplication of data entry. The staffing budget on average accounts for up to 80% of the formula allocation and is therefore the largest budget heading in a school’s budget plan. Actual costs should be used for existing members of staff and estimated salary points for new members of staff.
- It is recommended that all staff costs are assessed using Access Education software (HCSS) as this is updated to include actual pay awards and actual national insurance rates and increases in the cost of employers pension contributions. It has therefore been decided that we will no longer provide costing tables for staffing with these guidance notes as we would not wish schools to rely on estimated costs and Access Education software (HCSS) will accurately assess costs. Part-time proportion tables will be available on the Children and Learning Grid.

Non - employee budgets

Where actual costs for 2022/23 are not known, budgets may be calculated using the following process

- compare the 2021/22 budget allocation with the forecast actual expenditure
- identify budget headings that differ considerably from the original budget
- assess the reasons for this variance
- remember to include the value of orders for which invoices have not been received and which will need to be transferred in to the new financial year
- do not include one-off purchases made during the financial year 2021/22
- apply an inflation factor

Under/overspends

- Any 2021/22 over/underspend will need to be absorbed within the 2022/23 Budget. The actual over/underspend will be notified to you after the closure of accounts, but schools should use their best estimate when formulating their budget plans, using the period 13 Financial Information Statements (FIS) to assist you.
- It is recommended that when underspends are being allocated, they are spent on non-employee related expenditure, where possible.

Inflation Factors

Employee Budgets

Budget heading	Pay award date	Increment increase	Pay award
Teaching Staff	September	September	Estimated at 2.75%
Support Staff	April 2022	Dependent on date of commencement of service	Estimated at 2%

Non-employee budgets

Budget heading	Budget inflation factors
Indirect Employee Expenses Buildings Maintenance Grounds Maintenance Administrative Supplies Curriculum Supplies	Schools to determine factors to apply by looking at contracts/supplies and making own assumptions. Access Education software (HCSS) set at zero, change inflation factors under data settings.
Energy Costs	Gas, Electricity and Oil. Access Education software (HCSS) set at 4%, change inflation factors under data settings.
Lettings / Sales Income	Schools to determine factors to apply by looking at lettings/sales and making own assumptions. Access Education software (HCSS) set at zero, change inflation factors under data settings.

Expenditure budget planning

Teaching budget (E01)

- As this is the largest budget heading in your plan, it is vital that it is calculated accurately.
- Ensure that your Personnel 7 module is accurate and up to date. If this is not the case and you cannot rely on the P7 data, then ensure you have an up to date staffing list to guide you.
- Review staffing changes.
- Report any potential redundancy position to Children and Learning HR department as soon as possible.
- It is essential to calculate individual salaries but in the case of new staff this might not be possible.
- Headteachers and Deputy Headteachers do not automatically move up a point on the spinal scale, a separate pay agreement has to be established with Governors. If this has been agreed then the extra points will need to be built in to the budget.
- Qualified Teachers do not automatically move up a point on the spinal scale in September; pay progression is now linked to performance. Please assess carefully whether incremental increases are likely to be awarded.
- Teachers at the top of the Main Pay Scale or already on the Upper Pay Scale do not automatically move up a point on the spinal scale annually. Please assess carefully whether incremental increases are likely to be awarded.
- In addition, be careful to include any TLR or SEN points payable.

Supply staff (E02)

This budget should be based on historic expenditure tempered by known pressures and consideration should be given to the following:

- absence, especially due to sickness, is hard to anticipate

Support staff (E03 – E07)

Ensure that Personnel 7 is accurate and up to date or that you are working from an up to date staffing list.

If you require assistance with part time proportions for term time only support staff, please refer to the part time proportion tables that can be found on the Children and Learning Grid. Remember that after 5 years' service, support staff are entitled to an additional week's salary.

Review the previous years' costs of lettings, overtime, and bonuses for site agents and caretakers and ensure these are budgeted for.

Indirect employee expenses (E08)

This budget heading is likely to change from year to year, particularly the cost of advertising and interview expenses.

- Review each cost within the budget separately.
- Establish an overall budget.
- Apply the inflation factor.

Staff development and training (E09)

- Assess the budget level.
- Review past expenditure but remember this may not reflect future requirements included within the School Plan.
- Apply the inflation factor.

Supply teacher insurance (E10)

Assess the budget level in the light of past expenditure but incorporating known changes in premiums, or apply an estimated inflation factor.

Staff related insurance (E11)

Assess the budget provision required in the light of historic expenditure, incorporating any known changes. Where changes in premiums are not known, apply an estimated inflation factor.

Building maintenance and improvement (E12)

- Assess the budget level.
- Review past expenditure but remember this may not reflect future requirements included in your school plan.
- Apply the inflation factor.

Grounds maintenance and improvement (E13)

- The costs of the contract for the financial year can be based upon the costs incurred during 2021/22 and apply the inflation factor unless you have been quoted the actual cost for 2022/23
- Seek assistance in calculating whether additional work will be required during 2022/23, e.g. fertilisation of playing fields.
- Please take account of the period of the contract, as it may be different to the financial year.

Cleaning and caretaking (E14)

- Assess the budget level.

- Review past expenditure on all elements within this heading, but remember this may not reflect future requirements.
- Apply the inflation factor.

Water and sewerage (E15)

- Review all previous years' costs.
- Take into account any savings resulting from conservation measures.
- Apply the inflation factors.

Energy (E16)

- Review all previous years' costs. Take into account any savings resulting from energy conservation measures.
- The budget should be increased to include the costs incurred due to lettings of the premises to all users. This is to reflect the level of income received and should be consistent with the lettings budget.

Rates (E17)

- The budget for 2022/23 for rates is indicated in your formula allocation for all schools. Schools should set the budget to equal the exact allocation within the formula. Rates are funded on a pound for pound basis: the allocation will be matched to the actual cost incurred by the school in the following year's budget.
- Budgets for rental of temporary classrooms and joint use should not be included within this heading. Temporary classrooms should be budgeted for within Other Occupation Costs and Joint Use within Special Facilities.

Other occupation costs (E18)

- Assess the budget requirement for other occupation costs to be included within this heading (the detail code list available on the LBC website will assist you), applying a suitable inflation factor where changes in cost are not yet known.

Learning resources (not ICT) (E19)

- Review past expenditure trends and consider the school and curriculum needs for the forthcoming financial year, with reference to the School Plan.
- Establish an expected spend for the expenditure items included in this budget heading. The detail code list will assist.
- Assess the budget level and apply the inflation factor.

ICT learning resources (E20)

- Review past expenditure trends and consider the school and curriculum needs for the forthcoming financial year, with reference to the School Plan.
- Establish an expected spend for the expenditure items included in this budget heading. The detail code list will assist.
- Assess the budget level and apply the inflation factor.

Exam fees (E21)

- Review past expenditure trends and consider likely expenditure for the year ahead.
- Assess the budget level and apply the inflation factor.

Administrative supplies (E22)

- Review past expenditure trends and consider the school needs this year. Refer to the detail code list to assist in assessing which items are to be included within this expenditure heading.
- Assess the budget level and apply the inflation factor.

Other insurance premiums (E23)

- Review past expenditure trends.
- Assess the budget level and apply the inflation factor where increases in premiums are not yet known, or incorporate known changes to costs.

Special facilities (E24)

- The budget for 2022/23 for joint use is included within this budget heading. The budget is indicated in your formula allocation.
- Set the budget to equal the exact allocation within the formula.

Catering supplies (E25)

- Those schools who buy back catering from School and Welfare Catering or who have a contract with an external provider should budget for the cost of the contract within this heading.
- For those schools that run their own catering service, assess the budget provision required for provisions, equipment and protective clothing by examining current expenditure and apply the inflation factor.

Agency supply staff (E26)

- Budget under this heading for anticipated costs to be paid to agencies for teaching staff that have been brought in to cover absence (for all reasons including illness, training etc).
- Apply the inflation factor.

Bought in professional services – curriculum (E27)

- Review past expenditure trends and consider the school and curriculum needs this year.
- Establish an expected spend for the expenditure items included in this budget heading (professional services, consultancy and advice for the curriculum, exam invigilators, peripatetic and self-employed music teachers etc). The detail code list will assist.
- Assess the budget level and apply the inflation factor.

Bought in professional services – other (E28)

- Review past expenditure trends and consider the school and curriculum needs this year.
- Establish an expected spend for the expenditure items included in this budget heading (professional services, consultancy and advice to staff and governors relating to management, finance, legal, personnel, agency clerking service etc). The code list will assist.
- Assess the budget level and apply the inflation factor.

Loan interest (E29)

Include within this heading anticipated interest on overdrafts and other loans.

Direct revenue financing (E30)

This budget heading includes any contributions to be made from the revenue budget to Capital budgets.

Community focused school staff (E31)

- This budget heading is to capture costs of all staff directly employed by your school for community focused activities, including apportionment of associated staff costs that would otherwise fall within other budget headings.
- Access Education software (HCSS) should be used to assist you in the calculation of the budget.

Community focused school costs (E32)

- This budget heading is to capture costs associated with community focused school activities, including recruitment costs and resources.
- Assess the budget level, reviewing past expenditure but remember that this may not reflect future requirements.

Contingency budget planning

Contingencies

Please note that excess uncommitted balances are not subject to potential clawback, this is being kept under review by the Schools Forum.

- The budget plan for the forthcoming financial year requests that contingencies are identified as 2 separate allocations, one of which is the in year reserve for contingencies, detail code 3970 (as detailed above), and the other is a contingency provision to represent planned savings for specific projects, detail code 3972.
- Any payments received from staff absence insurance schemes to cover the costs of teachers will be included in this heading.
- Under normal circumstances schools will not set a budget for this income as income for supply teacher insurance will not be known at the time of budget setting.

Income budget planning

The income budget should be based on reasonable estimates. Income must **not** be used as a balancing figure.

Funds delegated by the LA (I01)

This budget heading is the major part of funding provided by the LA to the school. It includes the majority of the school's gross budget share (before the removal of any de-delegated funding), any additional funding from the LA not formally included in the delegated budget but managed by the school, LMS contingency sums etc and any place funding for SEN resourced provision or place funding in special schools. Please see the detail code list which will assist.

Funding for sixth form students (I02)

This budget heading is the funding for sixth form students from the Education Funding Agency, as indicated on the formula allocation and the 16-19 bursary fund.

High needs top-up funding (I03)

This includes all top-up funding for high needs pupils.

Funding for minority ethnic pupils (I04)

Any government-funded source intended to promote access and opportunity for minority ethnic pupils, in support of English as an additional language or as part of a wider focus on raising attainment

Pupil premium (I05)

This would include funding for:

- pupil premium funding received from Luton Borough Council
- pupil premium funding received directly from local authorities other than the school's maintaining authority
- summer school payments

Other government grants (I06)

Include:

- income from the Teaching Agency
- the total of all development and other non-capital grants from government not included in the lines above
- SALIX loans (i.e. specific funding from SALIX for energy efficiency projects)
- year 7 catch up premium

Other grants and payments received (I07)

Include:

- Big Lottery Fund or Lottery Grants
- European Union funding
- Payments received from other schools e.g. from a partner school in a collaboration or cluster to meet supply cover costs to enable your school to participate in development activities organised by the partner school primarily for the benefit of your own and other schools
- Milk Subsidy
- Income from recycling refunds i.e.: paper, glass, plastic, etc

Income from facilities and services (I08)

- A budget should be set for any income from assets such as the hire of premises and facilities, bank account interest, sales, before and after school clubs, examination fees etc.
- Review current income levels carefully.
- Only set a budget where you can justify the amount of income.
- Consideration should be given to the effects of lettings on the following budgets:
 - energy and water
 - site agents
 - cleaning and caretaking

Income from catering (I09)

- Where the school runs its own catering service, set a budget for income from catering, school milk provision and vending machines. For schools who have a contract with external providers they should budget under this heading for income collected on behalf of the catering contractor.
- Review your budget carefully, taking account of numbers on roll and the proportion of pupils taking either paid or free meals.
- Set a realistic budget.

Receipts from supply teacher insurance claims (I10)

- Any payments received from staff absence insurance schemes to cover the costs of teachers will be included in this heading.
- Under normal circumstances schools will not set a budget for this income as income for supply teacher insurance will not be known at the time of budget setting.

Receipts from other insurance claims (I11)

- Any payments received from losses (including staff absence insurance schemes to cover the costs of non-teaching staff) will be included in this heading.
- Under normal circumstances schools will not set a budget for this income as income for supply teacher insurance will not be known at the time of budget setting.

Income from contributions to visits (I12)

- Review the previous year's budget for parental contributions to visits, field trips, damage done by pupils etc.
- Review any regular and new parental contributions to visits etc.
- Establish if similar amounts will be received this year.
- Do not include in this budget heading any PTA or other donations – they should be budgeted for within the heading of Donations and/or Private Funds (see below)

Donations and/or voluntary funds (I13)

- Review the previous year's budget for income from donations and private funds, including voluntary contributions from parents to provide educational benefits for students.
- Review any regular and new donations or sponsorship monies.
- Establish if similar amounts will be received this year.

Pupil focused school funding (I15)

- The purpose of this budget heading is to capture funding streams and grants, which are provided for pupil focused activities.
- Review the previous year's budget for these funding streams and establish if similar amounts will be received this year.
- The purpose of this budget heading is to capture funding streams and grants, which are provided for pupil focused activities.
- Review the previous year's budget for these funding streams and establish if similar amounts will be received this year.

Community focused school funding/grants (I16)

The purpose of this budget heading is to capture funding streams and grants, which are provided for community focused activities.

Community focused school facilities income (I17)

Include within this heading income for community focused school facilities and activities.

Additional grant for schools (I18)

This heading was new in 2012/13 and is to be used to record funding received from DfE for:

- Secondary Schools to release a PE teacher to work with local primary schools
- Funding for Maths Specialist Teacher Trainees
- PE and Sports Grant for primary and secondary schools
- Infants Universal Free Schools Meal funding
- Covid 19 Exceptional Funding
- Covid 19 Catch Up Funding
- Covid 19 Furlough Funding
- Mentor Programme Funding